CenturyLink™
200 South 5th Street, Room 2100
Minneapolis, MN 55402
(612) 663-6913

Mary Ferguson LaFave
Director Public Policy

February 16, 2015

HAND DELIVERED

Mr. Michael R. Bradley
Bradley, Hagen & Gullikson, LLC
1976 Wooddale Drive, Suite 3A
Woodbury, MN 55125

Re: Request for Information in Connection with Qwest Broadband Service, Inc. d/b/a CenturyLink Application for a Competitive Cable Communications Franchise

Dear Mr. Bradley:

Enclosed please find two copies of CenturyLink's response to the City of Minneapolis' Request for Information dated January 28, 2015. One copy contains trade secret information and the other is a public copy from which trade secret data has been redacted. I served via e-mail a public, redacted version on Peter Ginder, Minneapolis City Attorney.

Please let me know if you have any questions.

Very truly yours,

Mary Ferguson LaFave

Enclosures

PUBLIC DOCUMENT

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Re: **CenturyLink Application for a Competitive Cable Communications Franchise in the City of Minneapolis – Request for Information**

AFFIDAVIT OF SERVICE

STATE OF MINNESOTA)
) ss
COUNTY OF HENNEPIN)

Dianne Barthel, being first duly sworn, deposes and says:

That on the 16th day of February, 2015, at the City of Minneapolis, State of Minnesota, she served the attached annexed filing on the parties on the attached list, by either electronic delivery, delivery in person or mailing to them a copy thereof, enclosed in an envelope, postage prepaid, and by depositing same in the post office at Minneapolis, Minnesota, directed to said addressees at their last known addresses.

Dianne Barthel

Dianne Barthel

Subscribed and sworn to before me
this 16th day of February, 2015.

LeAnn M. Cammarata

Notary Public

LEANN M. CAMMARATA
Notary Public-Minnesota
My Commission Expires Jan 31, 2020

TRADE SECRET/PRIVILEGED INFORMATION CLASSIFICATION RATIONALE

State: Minnesota

Description/Title of Information: CenturyLink Application for a Competitive Cable Communications Franchise in the City of Minneapolis

Trade Secret/Privileged Designation Rationale:

CenturyLink's Responses to the City of Minneapolis' Request for Information contains information that is considered Trade Secret because the information is not generally known to, and not being readily ascertainable by proper means by, other persons who can obtain value from its disclosure or use. For this reason, CenturyLink's Responses to the City of Minneapolis' Request for Information should be protected from public disclosure.

Qwest Broadband Services, Inc., d/b/a CenturyLink respectfully submits the following overview of CenturyLink followed by responses to the City of Minneapolis' Request for Information dated January 28, 2015.

Overview of CenturyLink

CenturyLink Improves Lives

At CenturyLink, our vision is to improve the lives of our customers. Through our products and services, we help strengthen businesses and connect communities to each other and the world.

CenturyLink's Unifying Principles

We have established certain fundamental values that are the foundation for how we interact with our partners, our customers and with one another. We call these values our Unifying Principles, and they bring together our beliefs into a cohesive philosophy that guides our actions in all matters, including our greater social responsibility in the communities where we live and work. The Unifying Principles are Fairness, Honesty and Integrity, Commitment to Excellence, Positive Attitude, Respect, Faith and Perseverance.

CenturyLink in Minnesota

CenturyLink in Minnesota employs approximately 3,000 people with the majority of those jobs located in the Twin Cities metropolitan area. More than half of CenturyLink employees in the Twin Cities are represented by the Communications Workers of America Union. This includes approximately 500 network technicians, 200 of whom are being cross-trained to support Prism. Success in the market will trigger hiring more skilled technicians in the future to support Prism CenturyLink also employs approximately 100 network engineers in the Twin Cities who work in partnership with the network operations team to plan, build and deploy service. CenturyLink's network operations team supports the new headend facility, located in Golden Valley.

Employees in the Twin Cities also include business sales, marketing, regulatory affairs, public policy, customer service and administrative support. Employees are located across the Twin Cities in central office neighborhood locations and at three main corporate campus locations:

- CenturyLink, 200 S. 5th Street, downtown Minneapolis
- CenturyLink, 2800 Wayzata Blvd, Bryn Mawr, Minneapolis
- CenturyLink, 70 W. 4th Street, downtown St. Paul

Many CenturyLink employees have worked with the company for decades experiencing early innovations as a telephone company and the current day transformation into a technologically-sophisticated service provider to local communities and Minnesota's largest companies.

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With a statewide payroll that exceeds $195 million each year, CenturyLink is a proud contributor to jobs and the economy in the state.

CenturyLink in the Community, Sustainability and Commitment to Diversity

CenturyLink is committed to strengthening and improving the communities it serves, not only through jobs, products and services, but also through philanthropic support of local community agencies, events and initiatives. We focus our philanthropic and volunteer efforts on K-12 education and programs that support youth; technology-focused initiatives; and locally-driven efforts that strengthen communities and make them better places to live.

Through our involvement in efforts ranging from environmental stewardship to community investment, we further our commitment to improve lives by being a good citizen and neighbor in the communities where we work and live.

- Since 2007, the CenturyLink Clark M. Williams Foundation (previously Qwest Foundation) has awarded $800,000 to innovative Minnesota teachers working to improve STEM learning and access to technology in schools statewide. The Minnesota Business Partnership assists CenturyLink by administering the program. Together, we are helping to build awareness around STEM education and preparing Minnesota's future workforce for STEM careers.
- CenturyLink awards scholarships in partnership with local organizations to advance the opportunities of their stakeholders. Scholarships recipient organizations include:
  - CenturyLink STEM scholarship via Minnesota High Tech association.
  - Pacer Center Excite Technology Camp for Girls scholarship.
  - Minneapolis Urban League general education scholarships.
  - University of St. Thomas, ThreeSixty program scholarship.
- CenturyLink helps provide a state-of-the-art fan experience at Target Field as the Official Communications Provider for the Minnesota Twins and Target Field. CenturyLink's sponsorship also includes working with the Twins and the Metro Area Library Association to support the summer reading program.
- Through our Matching Time Grant program, Minnesota employees volunteering time to a non-profit agency can earn a CenturyLink Foundation grant for that organization.
- Our employees can further their community support through our annual CenturyLink All Employee Volunteer Day, Employee Giving Campaign supporting the Greater Twin Cities United Way and our Annual Food Drive supporting Second Harvest Heartland.
- We are committed to environmental sustainability through programs that include waste recycling, green information technology, and procurement policies and practices.
- CenturyLink provides incentives for employees in certain communities to make use of public transit or green commuter programs.

- Our Ethics and Compliance Program provides employees with guidance in making ethical business decisions and provides mechanisms for employees to report concerns.
- We have a Supplier Code of Conduct that establishes expectations for our contractors and vendors regarding ethical business practices.
- CenturyLink's Privacy Policy protects our customers' information and keeps our customers informed about the information we collect and the choices they have regarding that information.
- Diversity is celebrated and promoted through our Employee Resource Groups, recruiting, global supply chain and community outreach.

CenturyLink Lifeline & Internet Basics

CenturyLink participates in Lifeline, which provides certain discounts to qualified subscribers on monthly service. The program is designed to help low income households with needed phone services. Lifeline is available to qualifying customers in every U.S. state. Qualifications vary by state. Residents of American Indian and Alaskan Native tribal lands may qualify for up to an additional $25 of enhanced Lifeline support monthly. They may also qualify for the Link-Up program, which helps consumers pay the initial installation costs of getting telephone service. Link-Up provides a credit of up to $100 of the initial installation charges for tribal customers.

CenturyLink supports the Federal Communications Commission's goal of bringing high-speed Internet to economically-disadvantaged households. We work with nonprofit partners throughout our state to engage communities in the CenturyLink Internet Basics program which provides qualifying low-income Minnesotans service at a reduced rate. CenturyLink has conducted training programs and awareness building around Internet Basics through the Minneapolis Urban League. We have created partnerships with the Minneapolis Public Schools and PC's for People to distribute hundreds of computers to low-income families and provide information to families on the opportunities offered through CenturyLink Internet Basics.

Identification of Franchisee

1. Please confirm the proposed franchisee is Qwest Broadband Services, Inc. d/b/a CenturyLink (the "Franchisee").

The entity seeking a cable communications franchise from the City of Minneapolis is Qwest Broadband Services, Inc. d/b/a CenturyLink ("Franchisee").

2. Please confirm that the Franchisee is a foreign corporation in good standing authorized to do business in the State of Minnesota.

The Franchisee is a Delaware corporation, a foreign corporation under Minnesota law and in good standing and authorized to conduct business in the State of Minnesota.

Ownership and Management Structure – Statement of Ownership

3. Please provide a statement of ownership detailing the corporate organization of Franchisee, including the names and addresses of officers and directors and the number of shares hold by each officer or director, and intracompany relationship including a parent, subsidiary, or affiliated company.

Applicant's ultimate parent company is CenturyLink, Inc., a Louisiana corporation headquartered in Monroe, Louisiana, and, through its subsidiaries, owns 100% of Qwest Broadband Services, Inc. d/b/a CenturyLink. A more detailed corporate structure is depicted on the attached Exhibit A. On April 21, 2010, CenturyLink, Inc. reached an agreement to purchase Qwest Communications International, Inc. ("QCII") through a tax-free, stock-for-stock transaction. Under the terms of the parties' merger agreement, CenturyLink, Inc. is the ultimate parent of QCII and the subsidiaries that were under QCII. At the time of the merger between CenturyLink and Qwest Communications International, Inc., Franchisee was a wholly-owned subsidiary of Qwest Services Corporation, Inc. as was Qwest Corporation, the entity which places facilities in the City's public rights of way pursuant to the City's ordinances and associated rules. Further, at merger, Franchisee was a member of the National Cable Television Cooperative ("NCTC") as was the CenturyLink entity which offers Prism in legacy CenturyLink markets, e.g., Florida. Because the NCTC expressly forbids more than one entity within a corporate family to belong to and directly obtain content from the NCTC and because any affiliated entity receiving content from the NCTC must be a wholly-owned subsidiary of the NCTC member, CenturyLink, Inc. moved Franchisee from being a subsidiary of Qwest Services Corporation to being a subsidiary of CenturyTel Broadband Services, LLC. As provided in the original application filed with the City, the following sets forth the officers and directors of Franchisee. This group of officers and directors do not own any shares of the franchisee.

Qwest Broadband Services, Inc. (Delaware Domestic)

Directors: R. Stewart Ewing, Jr.
Stacey W. Goff

Officers:

Chief Executive Officer and President	Glen F. Post, III
President Global Markets	Karen A. Puckett
Executive Vice President and Chief Financial Officer	R. Stewart Ewing, Jr.
Executive Vice President, General Counsel	Stacey W. Goff
President IT Services and New Market Development	Girish Varma
Executive Vice President – Public Policy and Government Relations	R. Steven Davis
President – Wholesale Operations	William E. Cheek
Executive Vice President – Controller and Operations Support	David D. Cole
Executive Vice President – Network Services	Maxine Moreau

Vice President and Treasurer	Glynn E. Williams, Jr.
Vice President	Jonathan J. Robinson
Secretary	Kay Buchart
Assistant Secretary	Joan E. Randazzo
Assistant Secretary	Meagan E. Messina

4. The application indicates that CenturyLink, Inc. "through its subsidiaries owns 100% of" Franchisee. Please provide a corporate organization chart showing the complete ownership structure of Franchisee.

   See response to question 3 above.

5. What portions of the cable system will be owned or controlled by: (i) Franchisee; or (ii) its parent corporation or affiliates? If the cable communications system will be owned by an entity other than Franchisee, please describe the reasons why the City should franchise Franchisee, rather than the entity that owns the facilities in the public rights-of-way.

Attached as Trade Secret Exhibit B is a diagram setting forth the end to end architecture for the delivery of Prism to end users. **[TRADE SECRET DATA BEGINS**

. TRADE SECRET DATA ENDS]

Franchisee and not its affiliates owns the essential infrastructure for the provision of cable communications services and has the agreements to enable access to content over the cable communications system. It cannot offer its service without being granted a franchise by the City of Minneapolis.

6. Describe the proposed management structure, organizational structure and operations for Franchisee. Include a description of the proposed relationship between local management and the head office or parent company.

Minneapolis is the headquarters for the Midwest region of CenturyLink. Duane Ring leads the business as the President of the Midwest Region. Under his leadership, Prism was successfully deployed in Omaha, Nebraska in 2013 and LaCrosse, Wisconsin in 2008.

Tyler Middleton is the Vice President of Operations for Minnesota. His team includes more than 500 technicians, 200 of whom are being cross-trained to install and support Prism. There is a wide array of employees performing various functions in support of Prism in the Twin Cities, including approximately 100 engineers who will be working under Mr. Middleton's leadership to design and support the infrastructure that enables Prism.

Trent Clausen is the Vice President of Construction for the Midwest Region. He has held a variety of leadership positions in the network organization over the past 16 years, including positions managing and leading capital planning, field construction, local engineering, dispatch operations, and installation and maintenance operations. His team successfully upgraded the network in Omaha to support the launch of Prism there in 2013 and will be responsible, working closely with Mr. Middleton's team, to construct the network to support Prism in Minneapolis and the Twin Cities metropolitan area.

There are three essential corporate divisions which support the provision of Prism to end users: Global Operations and Shared Services, Global Markets and Product Development and Technology.

A. The Global Operations and Shared Services organization is led by Executive Vice President Maxine Moreau. A 30-year veteran of telecommunications, Maxine Moreau brings a depth of knowledge and experience in network services, operations, IT and process improvement to her role as Executive Vice President of Global Operations and Shared Services. She is responsible for operational excellence through the end-to-end planning, engineering, construction, operation and maintenance of CenturyLink's global network, as well as regional operations and hosting data centers. Moreau oversees network enablement that currently provides commercial 100Gbps services to businesses for high-bandwidth needs as well as the deployment of 1Gbps fiber networks in certain markets, including Minneapolis for both consumer and business customers. Members of her team will staff the VSO in Golden Valley.

Maxine Moreau's team is responsible for the engineering, planning and deployment of all network infrastructure, including the infrastructure on a national and local basis for the delivery of Prism. In addition, organizations responsible for data and video operations report up to Maxine. These centers, from an operational perspective, constantly monitor and repair, if necessary, the entire network including the facilities used in the provision of Prism.

B. The Global Markets organization is led by President Karen Puckett. With 30 years of telecommunications experience, Karen Puckett is an industry veteran with proven success in the integration of complex operations, the achievement of industry-leading financial and operational performance, and the creation of a company culture that is focused on accountability, innovation and growth. As CenturyLink's Chief Operating Officer, Puckett is responsible for the company's financial and operational performance in the business and consumer segments. She leads marketing, sales, service delivery, care and customer experience initiatives for all business and consumer customers and the implementation of the local operating model in the company's local service areas in 37 states. Puckett has been at the forefront of CenturyLink's transformation from a local telephone exchange company serving rural and mid-sized markets to an industry leader in advanced communications services with customers throughout the United States and overseas. Her visionary leadership has been instrumental in the company's ability to thrive in the new arenas of cloud, data hosting and managed services, as well as facilities based switched digital video service while maintaining its focus on operational excellence and financial strength. Puckett led the 2001 companywide realignment to the local operating model, placing decision making closer to the customer and making the company more responsive to the marketplace. The model has consistently resulted in financial and operational improvements as CenturyLink has acquired new markets.

As it relates to Prism, Karen Puckett's organization owns the customer experience in terms of sales and repairs. There are five call centers which provide support for consumer sales, including Prism. These centers are located in Sioux City, Iowa; Idaho Falls, Idaho; Boise, Idaho; Midvale, Utah; and Phoenix, Arizona.

C. The Product Development and Technology organization is led by Executive Vice President and Chief Technology Officer, Aamir Hussain. Hussain is an experienced senior technology executive with more than 23 years of proven success in the implementation of global technology operations, operationalization of complex technology, infrastructures, and business solutions while driving capital cost efficiencies in the business. Hussain and his team are responsible for the design and delivery of next generation products, services and technologies critical to achieving CenturyLink's strategic growth priorities, including Prism. Hussain has a diverse background in data, security, voice, video and wireless technologies. Prior to joining CenturyLink, he held senior leadership roles at Liberty Global, Covad, TELUS and Qwest. Hussain sits on several startup and non-profit boards, is technical advisor to technology companies and holds 11 patents in Telecommunications. In addition, he has completed leadership, innovation and strategy training from Harvard, the INSEAD institute in France and the International School of Business Management in Switzerland.

Aamir's team is charged with constantly working to implement new technologies and innovations to enhance the customer experience across the entire suite of CenturyLink products, including Prism.

As noted above, Applicant's ultimate parent company, CenturyLink, Inc., is headquartered in Monroe, Louisiana. A fundamental tenet and operating creed of the Company is to drive decision making to the local level, where the employees best understand the needs of each community in which they work and deliver service. Capital allocation are made based on information from the local markets and it is entirely up to the local team to manage the budget and to make capital and expense allocation decisions based on the local needs. In Minneapolis, the two leaders responsible for making such decisions, including, e.g., deployment of Prism, are Duane Ring and Tyler Middleton.

Legal Qualifications of Franchisee to Operate a Cable System

7. Please explain whether the Franchisee has the authority to hold a cable television franchise in the City under 47 U.S.C. § 533, and all other applicable provisions of federal law and applicable federal regulations.

To CenturyLink's knowledge, neither Section 533 of Title 47 of the United States Code nor any other federal law or regulation bars CenturyLink from seeking and obtaining a franchise to provide video service in the City.

8. Has Franchisee applied for all necessary licenses, authorizations, approvals and waivers (e.g., CARS licenses, copyright approvals, etc.) to operate a cable communications system in the City? Please indicate whether all of said approvals have been obtained, and, if not, a reasonable estimate of when approvals will be received.

Franchisee will make all appropriate filings and preparations prior to the turn up of its video service including (1) filing a community registration with the FCC via FCC Form 322; (2) providing notice to local broadcasters and requesting either must-carry or retransmission consent election; and (3) registration of any antennas required to provide service.

In its existing markets, Franchisee complies with many additional federal requirements in providing its Prism service, including all of the FCC requirements applicable to multichannel video programming distributors (such as equal employment opportunity and set-top box requirements), the FCC requirements applicable to EAS participants that are wireline video service providers, other FCC requirements applicable to provision of Prism (such as receive-only earth station license requirements and annual regulatory fees for IPTV providers), and the Copyright Office requirements for cable systems filing semi-annual copyright statements of accounts and paying statutory license fees. Franchisee does not file an FCC Form 327 relating to CARS microwave facilities because Franchisee does not use such facilities in connection with the provision of Prism. Similarly, Franchisee does not file FCC Form 320 and FCC Form 321 as they relate to the use of aeronautical frequencies that are not applicable to the IPTV technology."

9. In the past five years, has Franchisee ever had any adverse administrative, civil or criminal action taken against it? If yes, please explain.

   No.

10. Please indicate whether the Franchisee will agree to ensure that its direct and/or indirect subsidiaries will at all times comply with existing franchise requirements and applicable laws, regulations, standards and decisions

The only party to the franchise agreement is the Franchisee, and Franchisee will comply with all terms of the negotiated franchise with the City of Minneapolis. Franchisee's affiliates will not be bound by the terms of the franchise; they have separate and distinct operating authority and obligations pursuant to the City's ordinances regarding public rights of way. Franchisee will, however, promise and guarantee, as a condition of exercising the privileges granted by any agreement with the City of Minneapolis, that any affiliate of Franchisee, directly involved in the offering of Cable Service in the Franchise Area, or directly involved in the management or operation of the Cable System in the Franchise Area, will also comply with the obligations of this Franchise subject to the following proviso, that Qwest Corporation ("QC"), an affiliate of the Franchisee, will be primarily responsible for the construction and installation of the facilities in the Rights-of-Way which will be utilized by Franchisee to provide Cable Communications Services. So long as QC does not provide Cable Service to Subscribers in the City, QC will not be subject to the terms and conditions contained in this Franchise. QC's installation and maintenance of facilities in the Rights-of-Way is governed by Applicable Law. To the extent Grantee constructs and installs facilities in the Rights-of-Way, such installation will be subject to the terms and conditions contained herein.

Technical Qualifications – System Design

11. Please fully describe the technical qualifications of Franchisee to operate a cable communications system in the City. Please identify Franchisee's key personnel and their experiences in the cable industry. Your response should cover areas such as construction and maintenance, and customer service.

    See response to question 6 above.

12. Please describe the signal quality that Franchisee promises to deliver to each cable communications subscriber in the City. If the signal quality will differ between cable channels on the cable communications system, please indicate the reasons for the difference.

Franchisee will provide the same signal quality to all customers that qualify for service. Two types of video resolutions will be available to Prism customers: Standard Definition and High Definition.

13. Please describe Franchisee's procedures for the provision of continuous, uninterrupted service to subscribers during the term of any franchise, for restoration of service should circumstances cause a service interruption, and for coordination with other utilities to restore service.

Franchisee's network has been designed to meet high-availablity standards. Critical video elements, such as encoders, servers, databases, switches and routers, have been deployed using redundant schemes using either hot-standby or active/active configurations to support automatic failover. All Franchisee's Head Ends are equipped with uninterruptable power supply (UPS) and back up generators.

14. Please describe more fully the system design and system components from the headend locations to a subscriber's residence that will be implemented to provide cable communications service delivered over the system. Please identify the current status of construction and a schedule for when Franchisee will be prepared to provide service to City residents.

Please see attached Trade Secret Exhibit B. **[TRADE SECRET DATA BEGINS**

TRADE SECRET DATA ENDS]

15. Will a subscriber be able to receive cable service from Franchisee regardless of the type of television in the subscriber's home? Please describe the different formats in which subscriber's may receive cable service. Please describe the end-user equipment each subscriber will need to receive Franchisee's Prism service.

Yes. Franchisee will make content available in two video formats, Standard Definition and High Definition. There are specific customer premises equipment (CPE) a subscriber must have to be able to receive and view Prism. If served by a DSL/FTTN architecture, the end user needs an xdsl modem and a set top box for each television. If served by a GPON/FTTP architecture, the end user needs an optical network termination (ONT) and router in addition to the set top box for each television.

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HAS BEEN EXCISED

16. Will any portions of the proposed cable system be leased from affiliated or unaffiliated entities? If so, who will be responsible for maintaining and repairing any parts of the proposed system that are leased? Who will be responsible for ensuring that leased portions of the proposed cable system comply with applicable technical and customer service requirements?

No. As described more fully in response to question 5, above all components necessary to provide Prism to end users and for end users to enjoy the product will be provided by one of three CenturyLink entities, Franchisee, QCC or QC.

Access Television

17. State law requires a schedule of charges for facilities and staff assistance for access cable broadcasting. It is my understanding that Franchisee will provide the necessary facilities and staff necessary to playback the City's nine Access Channels at no charge to the City. Please confirm.

Franchisee will make all nine of the city's access channels available to its subscribers. For purposes of acquiring the signal, Franchisee will pick up the City's Access Channel signals at the point(s) of origination via a fiber facility and transport such content back to the local VSO for insertion in the channel line up. At the point(s) of origination, Franchisee will need rack space and power for its equipment to receive the signal(s) handed off by the City to Franchisee. Franchisee will pay for all facilities and equipment located on its side of the demarcation point where the City will hand off its content to Franchisee and as is industry practice, the City will be responsible for all equipment on its side of the demarcation point.

One of the features available on Prism is "multi-view" -- we create a single channel/landing page for a category of shows, e.g., news, and make all the news channels available using picture in a picture technology. The end user can then click on the channel he or she wants to watch or watch four simultaneously. You can see a quick demonstration of this feature by clicking on the following URL: http://www.centurylink.com/prismtv/#prism-tv-virtual-test-drive.html.

We will use this same technology to create a "multi-view" (also referred to as "mosaic") for the City's Access Channels. In other words, we will work with the City to assign a channel placement/number for the Access Channel mosaic so that all nine of the City of Minneapolis' Access Channels will be available on the "landing page" and an end user merely needs to click on the specific channel/picture in a picture to be seamlessly taken to the selected Access Channel in full screen view. Because each of the Access Channels has its own dedicated channel assignment, the channels are offered in the same video and audio quality as all other channels and can be recorded if so desired by an end user. Further, access to the Minneapolis Access Channels will not be limited to residents of the City. Rather, Prism subscribers throughout the metropolitan area will have access to the City's Access Channels and City residents will have access to other Cities' or Cable Commissions 'Access Channels. This opens a vast array of viewing options for Minneapolis citizens given the robust choice of content and access channels in the Twin Cities.

Franchisee is willing to make all the City of Minneapolis' access channels available in high definition if the City hands them to Franchisee in that format. If so, Franchisee will down convert all such HD Access Channels to SD so they can be viewed by any end user not capable of receiving HD signals. As this relates to the multi-view screen for the Access Channels, Applicant's middleware will automatically know if a subscriber needs to see the channel in SD or HD and will automatically route the end user to the channel with the proper format.

18. Please describe how subscribers in the City will be able to view the nine Access Channels in the City. Please include channel location, electronic programming guide features, video-on-demand capabilities and any "mosaic" features.

See response to question 17 above. Further responding to this question, while all the City of Minneapolis' access channels will be available via a single landing page, the precise channel location of which will be negotiated during the franchise negotiation, each access channel will be assigned a discrete channel (generally on the upper tiers) for both the SD and HD versions of the channel. Franchisee contracts with a third party to provide its electronic channel guide. Franchisee will provide the City the same level of listings and functionality in its electronic channel guide as the incumbent cable communications providers offers.

With respect to video on demand, Franchisee will offer the City a specified amount of space on its VOD servers, as will be specified in the franchise. This will enable viewers to go into the VOD library and to view, on an on-demand basis, any Access Channel content that the City has handed to Franchisee for storage on its VOD servers. Such VOD content hand off has a common industry standard which will be shared with the City when the terms of the franchise are negotiated and finalized.

19. Please describe all available interconnection opportunities of the City's Access Channels with other Twin Cities area Access Channels, including specific methods and capacities of such interconnections.

Because Franchisee service is switched digital, an entirely different technology from the incumbent, Franchisee cannot interconnect with the incumbents' system for the purpose of accessing Access Channel content. As noted above, however, all of Franchisee's subscribers will have the ability to view all Access Channel content from any city or cable commission with which Franchisee has a franchise agreement.

20. Please describe how Franchisee will provide adequate public, educational, and governmental access channel capacity, facilities and financial support to the City.

While this will be confirmed in a franchise, Franchisee will collect from its end users and remit quarterly to the City a monthly line item in support of the City's PEG capital costs in the same amount as the incumbent cable communications provider.

21. Please identify the signal quality that Franchisee proposes for the Access Channels. What equipment and facilities will Franchisee provide to the City to allow the City to transmit its Access Channels to Franchisee?

As noted above, Franchisee will provide all Access Channels in the same video and audio quality as commercial channels it airs. If the City hands Franchisee the content in HD, all such content will be available in both HD and SD. With respect to equipment and facilities, please see response to question 17.

Service to Governmental and Educational Entities

22. Please indicate whether the Franchisee is willing to provide complimentary cable service to municipal buildings, school buildings, and public library buildings throughout the City.

This again is a term that must be negotiated and addressed in the franchise. Nonetheless, Franchisee is absolutely willing and able to provide complimentary basic cable service to any municipal building, school building and public librariy in the City of Minneapolis provided that such buildings are within the Applicant's footprint of cable communications availability and no other provider is already providing cable communication services at that location.

Proposed Rates and Customer Service

23. Does Franchisee, and any entity that will control or manage the Franchisee, agree to comply with all existing incumbent's franchise customer service and rate requirements?

Franchisee will comply will all federal, state and local requirements relating to customer service requirements. To the extent the incumbent cable communications provider has agreed to additional customer service requirements, Franchisee is more than willing to consider any such additional requirements during its negotiations with the City over the franchise terms. With respect to rate requirements, under 47 U.S.C. § 543, a local franchising authority can only regulate the rates of the incumbent cable provider in an area that has not been deemed to be subject to "effective competition." See, *Media Bureau Clarifies Issues Concerning Franchise Authority Certification to Regulate Rates*, FCC Public Notice, DA 09-68 (rel. Jan. 16, 2009).

24. Please describe how the application, if granted, will impact subscriber rates in the City.

Franchisee cannot predict how the incumbent cable communications provider in the City will respond, if at all, to a real competitor in the market. Franchisee can, however, point to several observations made by the FCC with respect to the presence of a facilities based competitor and the resulting impact on video pricing:

- The FCC determined that cable rates fall approximately 10% (2008) when a facilities based competitor enters a market.
- A subsequent FCC study determined that the cost per channel decreased by up to 31% when second facilities based competitor enters the market.

To the extent the incumbent does respond to Applicant's market entry through promotional offers or other pricing changes, all citizens of Minneapolis will benefit from such competitive response, whether or not Prism is immediately available to each citizen because the incumbent cannot target its offers solely to those areas in which Prism is available.

While Franchisee has not finalized its pricing for Prism in Minneapolis, attached as Exhibit C is a chart showing the promotional rates for Prism in another market.

25. Please identify the call center(s) that will serve the City. In addition, please explain whether the Franchisee plans to use vendors for customer service functions.

As noted earlier, there are five consumer call centers, and they are located in Sioux City, Iowa; Idaho Falls, Idaho; Boise, Idaho; and Phoenix, Arizona. These centers are staffed from 8:00 a.m. to 6 p.m. (local time Monday through Friday). In addition, calls are handled by agents on Saturday and Sunday. CenturyLink uses outside vendors to handle overflow for calls as needed. CenturyLink schedules its agents on a daily basis to meet service level targets. Call activity is monitored throughout the day and call routing is updated throughout the day to help insure calls are answered within appropriate timeframes.

26. Please describe in detail all steps that the Franchisee will take to comply with applicable telephone answering and transfer requirements/standards.

See response to 25, above.

27. Please describe the process Franchisee will implement to resolve City resident inquiries/comments/complaints.

See response to 25, above. In addition, the local team, particularly the Public Policy staff located in downtown Minneapolis, is always available to work with customers or City staff to answer any questions or resolve any issues relating to the provision of Prism. In addition, in the event that the call center personnel or members of Public Policy working across business segments are unable to successfully resolve an issue, then the issue may be referred to the Customer Advocacy Group ("CAG"). The CAG handles any issues or complaints received from Senior Company Officers, Regulatory Agencies, Attorney General's offices, Legal, Security, Corp Compliance, etc., and each such issue is assigned, investigated and resolved by the a CAG manager. The manager is responsible for documenting the issue, the findings of the investigation, conversations or interactions with the customer and/or company employees, the resolution and associated action taken.

Time Schedule for Construction

28. The application did not provide information on how the Franchisee would build-out its system throughout the City. Please provide a written description detailing Franchisee's proposed franchise area and construction time schedule.

Franchisee will initially invest more than **[TRADE SECRET DATA BEGINS TRADE SECRET DATA ENDS]** to bring Prism to the Twin Cities metropolitan area, including Minneapolis, before it has a single customer. Not only will this investment bring consumers a viable choice in a facilities based video competitor and the benefits of direct competition, but also this will result in significantly upgrading the broadband speeds available to many locations. For example, wherever Franchisee deploys FTTP infrastructure, the end users will qualify for speeds up to and including one Gigabit. Most such locations today can receive no higher than 12Mpbs.

This initial deployment in the City of Minneapolis will make Prism available to approximately 30 percent of the households. Further enablement of Prism in the City of Minneapolis will be driven by our success in the market, i.e., as we create a revenue stream from the sale of Prism to end users, we will use such revenues to invest in the network and to increase our Prism-enabled footprint. We are more than willing to meet with the City on a periodic basis to review the Prism-enabled footprint in the City and based on success market, newly targeted areas for deployment.

29. Minnesota State law requires a City not to grant an additional franchise that is more favorable or less burdensome compared to the incumbent's franchise related to the area served and further requires that all initial franchises have provisions requiring a complete build out of the cable communications system over a period of five years. In prior discussions, you have indicated that you believed these provisions in state law are preempted. Please provide a detailed factual basis and description of the legal reasons supporting Franchisee's conclusion that these Minnesota State law provisions are preempted. This could be in the form of a legal opinion. Please address the *Order on Reconsideration* released by the FCC on January 21, 2015.

Before addressing the state statute, the following sets forth some critical background with respect to deployment of both telecommunications and cable infrastructure. Initially, local telephone companies were granted monopolies over local exchange service in exchange for taking on a provider of last resort obligation– a duty to provide service – to customers in its service territory. Similarly, with respect to video services, Minneapolis has given the incumbent video provider (and its predecessors) a monopoly over facilities based video. In exchange for making the capital investment to deploy facilities, the incumbent cable company got 100 percent of the customers who wanted cable television.

Subsequently, with respect to telephone services, the federal and local governments effectively eliminated the local telephone monopolies and fostered robust

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competition. It should be noted that in doing so, the telecom second entrant had absolutely no obligation to build any facilities or to serve any particular location(s) at all. As the FCC noted, imposing build-out requirements on new entrants in the telecommunications industry would constitute a barrier to entry (13 FCC Rcd 3460, 1997). Cable companies were free to enter the telecom market on terms that made business and economic sense to them. This very environment was the catalyst for robust wireless and wireline competition and the proliferation of higher broadband speeds.

Congress became concerned about the lack of competition in the video world and in 1992 amended federal law to prohibit a local franchising authority from "unreasonably[y] refus[ing] to award an additional competitive franchise." 47 U.S.C. § 541(a)(1) provides a direct avenue for federal court relief in the event of such an unreasonable refusal. 47 U.S.C. § 555(a) and (b). Until the advent, however, of state statutes granting statewide cable franchises without a mandatory build requirement (e.g., Florida) or progressive cities willing to grant competitive franchises, cable monopolies continued to the detriment of consumers and competition. Level playing field requirements are just one example of barriers to competitive entry erected by cities at the behest of the cable monopolies.

Courts have ruled, however, that "level playing field" provisions do not require identical terms for new entrants. See, for example, *Insight Communications v. City of Louisville,* 2003 WL 21473455 (Ky. Ct. App. 2003), where the court found:

> There will never be an apple-to-apple comparison for Insight and other franchisee simply because Insight is the incumbent which in its own right and through its predecessors has been the exclusive provider of cable services in the City of Louisville for almost thirty years. No new cable franchisee can ever be in the same position as a thirty-year veteran.

See also, *In Cable TV Fund 14-A, Ltd. v. City of Naperville* (1997 WL 209692 (N.D. Ill); and *New England Cable Television Ass'n, Inc. v. Connecticut DPUC* 717 A.2d 1276 (1998).

In sharp contrast to the monopoly provider, a second entrant faces a significant capital outlay with absolutely no assurance of acquiring customers; rather, it must compete with the monopoly incumbent and win each and every customer over. As Professor Thomas Hazlett of George Mason University has explained, "[i]ncumbents advocate build-out requirements precisely because such rules tend to limit, rather than expand, competition." The federal Department of Justice has also noted that "...consumers generally are best served if market forces determine when and where competitors enter. Regulatory restrictions and conditions on entry tend to shield incumbents from competition and are associated with a range of economic inefficiencies including higher production costs, reduced innovation, and distorted service choices." (Department of Justice Ex Parte, May 10, 2006, FCC MB Dkt. 05-311).

The fact is that the incumbent cable provider has (1) an established market position; (2) all of the cable customers; and (3) an existing, in-place infrastructure. These disparate market positions make imposing a build-out requirement on a competitive entrant bad public policy. Under the guise of "level playing field" claims, incumbent cable operators seek to require new entrants to duplicate the networks the incumbents built as monopolies, knowing that such a requirement will greatly reduce, if not eliminate, the risk of competitive entry.

In 2007, the FCC issued its findings with respect to facilities based video competition and held as follows: (1) with respect to level playing field requirements, the FCC stated that such mandates "unreasonably impede competitive entry into the multichannel video marketplace by requiring local franchising authorities to grant franchises to competitors on substantially the same terms imposed on the incumbent cable operators (Para. 138); and (2) with respect to mandatory build out, the FCC held that "an LFA's refusal to grant a competitive franchise because of an applicant's unwillingness to agree to unreasonable build out mandates constitutes an unreasonable refusal to award a competitive franchise within the meaning of Section 621(a)(1) [47 U.S.C. § 541(a)(1)]."

Those two FCC holdings alone should put this entire matter to rest – level playing field requirements and unreasonable mandatory build requirements are barriers to competitive entry in the cable market and violate the federal Cable Act and the FCC's order. Minnesota, however, codified its requirements in a state law and the FCC expressly declined to "preempt" state laws addressing the cable franchising process.

It is clear, however, that the FCC did not intend to protect the Minnesota statute which mandates the imposition of barriers to entry on each and every local franchising authority. As various providers were trying to enter the competitive cable market and encountering barriers such as level playing field requirements and mandatory build out provisions, many states passed statutes to facilitate competitive entry and to prevent local franchising authorities from erecting barriers to entry. Such laws were passed in 26 states including Florida, Missouri and North Carolina, where CenturyLink has taken advantage of the streamlined process to enter a market without a mandatory build obligation. These laws have facilitated competitive entry as evidenced, for example, by the presence of four facilities based competitors in the Orlando, Florida market, including CenturyLink and Comcast. As such, these state laws are aligned and not in conflict with the FCC's and Congress' policies for promoting competition in the video distribution market.

Minnesota's cable law, however, is quite the opposite. Minnesota's cable act dates back to the 1970s and directs each local franchising authority to impose not only a level playing field across a broad range of issues (many of which Franchisee does not oppose), but also a five year mandatory build out requirement. Both of these provisions have been deemed to be barriers to entry by the FCC. The incontrovertible fact is that the law has been extremely successful in barring cable communications competition in Minneapolis: Minneapolis has not experienced any facilities based competition because of the barriers to entry Minnesota codified in Chapter 238.

In support of this position, that the FCC's 2007 Order preempts Minn. Stat. Chapter 238, Franchisee notes the following:

- Conflict preemption: State law may be preempted without express Congressional authorization to the extent it actually conflicts with federal law where state law "stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress" *English v. General Elec. Co.*, 496 U.S. 72,79 (1990).
- Whether state law constitutes a sufficient obstacle is a matter of judgment to be informed by examining the federal statute as a whole and identifying its purpose and intended effects. *Crosby v. Nat'l Foreign Trade Council*, 530 U.S. 363,372 (2000).
- Minn. Stat. § 238.08 mandates terms that each municipality must implement in granting a new or renewed cable franchise.
- Minn. Stat. § 238.084 sets forth the required contents of a franchise ordinance and sets forth very precise requirements in an initial franchise about the build: commence build within 240 days; must construct at least 50 plant miles per year; construction throughout the franchise area must be substantially completed within 5 years of granting the franchise; and these requirements can be waived by the franchising authority only upon occurrence of unforeseen events or acts of God.
- Section 621(a)(1) initially gave local authorities the authority to grant franchises, but this broad grant resulted in exclusive franchises/monopolies. Congress "believe[d] that exclusive franchises are contrary to federal policy . . . which is intended to promote the development of competition. H.R. Conf. Rep. No. 102-862, at 77 (1992)
- Legislative history clearly supports that Congress was focused on fostering competition when it passed the 1992 Act. *Qwest Broadband Servs. Inc. v. City of Boulder*, 151 F. Supp. 1236, 1244 (D. Colo. 2001).
- In its 2007 order, the FCC found that "an LFA's refusal to grant a competitive franchise because of an applicant's unwillingness to agree to unreasonable build out mandates constitutes an unreasonable refusal to award a competitive franchise within the meaning of Section 621(a)(1)." The FCC order, however, targeted local and not state laws.
- Arguably, the Minnesota build requirements set forth in Section 238.084(m) are in conflict with Section 621(a)(1) and are, therefore, preempted.
    - In the Boulder case, the court applied Section 621's prohibition on unreasonable refusals to grant franchises to find conflict preemption where local rules required voter approval for any new franchises.
- The mandatory build out in the Minnesota statute could be considered a de facto "unreasonable refusal" to grant a franchise and thus conflict with the pro-competition purpose set forth in 621(a)(1).
- In upholding the FCC's ruling, the Sixth Circuit stated that "while the [FCC] characterized build out requirements as 'eminently sensible' under the prior regime in which cable providers were granted community-wide monopolies, under the current, competitive regime, these requirements 'make entry so

expensive that the prospective . . . provider withdraws its application and simply declines to serve any portion of the community." *Alliance for Cmty Media v. FCC*, 529 F.3d 763, 771 (6th Cir. 2008).

- The FCC ruling targeted local rules and actions and the FCC refrained from preempting state regulation because it lacked "a sufficient record to evaluate whether and how such state laws may lead to unreasonable refusals to award additional competitive franchises." FCC Cable Franchising Order (FCC 06-180, at n.2 & ¶ 126). That is not to say, however, that upon full consideration, the FCC would not find the Minnesota mandatory build requirements to constitute an unreasonable refusal under Section 621.
    - The franchising laws which were being enacted about the time of the FCC order facilitated competitive entrants into the facilities based video market.
    - In sharp contrast, the Minnesota statutes mandates individual cities and commissions to include onerous build out schedules which, standing alone, would run afoul of the FCC's order.

It should also be noted that at least two cities in Minnesota have chosen to award competitive franchises to second entrants without satisfying all the mandates of Chapter 238. *See Mediacom Minnesota, LLC v. City of Prior Lake*, Minn. Ct. of Appeals, A09-1379 (Unpublished decision, Filed June 22, 2010), a copy of which is attached as Exhibit D in accordance with Minn. Stat. § 480A.09, subd. 3 (2008). In October 2014, the City of Owatonna awarded a competitive franchise to a second provider, and the franchise did not contain the five year build requirement set forth in Chapter 238. Rather, it contained a market success model expressly endorsed by the FCC. The competitor will provide service to 25 percent of the City of Owatonna and will have no further obligation to enable the provision of cable communications services until 48 percent of households in the footprint subscribe to its service.

Finally, nothing in the FCC's Order on Reconsideration released in January of this year alters the above analysis.

30. Assuming that Franchisee believes that the state law build out requirements are preempted by federal law, please indicate the factual basis describing why constructing Franchisee's cable communications system consistent with existing Minnesota State law would be an unreasonable barrier to entry. If such language were required of Franchisee by City, would it be acceptable to Franchisee?

When the incumbent built its cable networks as a monopoly under an exclusive franchise agreement over 30 years ago, they were guaranteed that 100 percent of all Minneapolis residents would subscribe from them. As a second entrant, every subscriber CenturyLink acquires currently has a relationship with another provider or has already "cut the cable cord." For this reason, no responsible second entrant would ever contractually commit to the extensive capital investment required to complete ubiquitous coverage without obtaining a single subscriber. As a result of years of advocacy at the local level by the incumbent monopolies, the cable industry remains the **only** industry where contractual ubiquitous coverage is required of new entrants. Other industries (e.g., telecommunications, wireless, and grocery stores) have flourished with robust competition without imposing any coverage requirements on second, and in some cases (Internet), any provider. Prices have plummeted, service quality has improved, and the market has seen investment, innovation, and competition. Unfortunately for residents of Minneapolis, we sit here in 2015, 23 years after the FCC abolished the idea of exclusive cable franchises, and not one provider has yet to successfully apply for and receive a franchise to compete with the incumbent. As demonstrated in answer to 29 above, that is the very barrier the FCC was trying to eliminate in its 2007 Order. That is why CenturyLink is so confident in its position that Section 238 .081 is pre-empted.

31. If Franchisee believes that a five year build of the City is unreasonable, please describe a reasonable time to construct the cable communications system capable of providing cable communications service to all residents in the City.

Franchisee understands the City's desire for a robust deployment of a facilities based cable communications provider in its boundaries because of all benefits that will be realized by consumers. Accordingly, Franchisee has negotiated several different terms to address the City's concerns while insuring that the Franchisee does not commit itself to obligations that could trigger financial penalties. Franchisee has presented such options to the City during discussions and would be happy to consider any of the following:

a. A short term agreement. In this model, Franchisee and the City would agree to an initial term of six years so that the "renewal window" under federal law opens three years after the effective date of the franchise. The term of the franchise, however, can be automatically extended if Franchisee reaches certain, defined goals of coverage, i.e., the term is extended an additional two years if we can cover XX percent of the living units by year three and can be extended an additional three years if, by the end of year five, we enable Prism to an additional XX percent of the living units in the City. This model has been used throughout the Phoenix metropolitan area.

b. Dominant Provider. If Franchisee has 50 percent or more of the facilities based cable communications subscribers in the City, then it will take on a mandatory build out requirement and meet with the City to develop the appropriate timeframe for such mandatory deployment. This has been used in several markets in the Phoenix metropolitan area as well as Salt Lake City.

c. Market Success. Franchisee will agree to build to a defined percent (usually 15 percent) of the City within three years of the franchise effective date. This establishes the minimum requirement, but Franchisee is free to expand its service footprint voluntarily. When the take rate (penetration) within the enabled footprint exceeds a defined percentage (generally 27.5 percent), then Franchisee has an obligation to build and extend its service to an additional 15 percent of the living units in the City. This model has been used in Omaha, the Denver metropolitan area and Colorado Springs.

32. Describe in detail the line extension policy Franchisee would propose for access to the cable system within the City.

A line extension policy is generally an obligation imposed on the incumbent monopoly provider to deliver service to anyone requesting service, subject only to some density requirements. Consequently, Franchisee would not envision having a mandatory line extension policy. Rather, as stated above, when it is the dominant facilities based cable communications services provider in the City, it will negotiate with the city over a reasonable build and line extension obligation.

Like the incumbent, Franchisee will provide a standard installation of its service to anyone within its Prism-enabled footprint within seven business days.

33. It is my understanding that Franchisee will be prepared to offer cable service to a portion of City residents once Franchisee completes its local headend and initial testing, and receives a cable communications franchise. Please provide a public map showing the areas of the City that will be eligible to receive cable communications service.

As Franchisee has stated numerous times to the City, its map depicting its initial deployment of cable communications services in the City is extremely competitively sensitive and highly confidential, and Franchisee is not confident that it could be adequately protected even under the designation of a "Trade Secret." Accordingly, Franchisee respectfully declines to produce any such map in response to this inquiry.

34. Does Franchisee agree to comply with all federal and state law requirements prohibiting economic redlining or "cherry picking?" Please describe how Franchisee can ensure the City and its residents that it will not engage in economic redlining.

The cable incumbent operator has stooped to new lows (here and in other markets) by claiming that competitors, like Franchisee, will redline certain communities unless burdensome build-out requirements are forced upon them. This claim flies in the face of studies and economic data that show that minority and low-income citizens – the very people the cable incumbent claims will be denied TV services by competitors – are the some of the biggest consumers of TV and communications services. Moreover, the cable industry's own market research shows that minority and urban neighborhoods offer some of the best growth potential for TV services of any markets in the country.

What the studies say:

- *Public Broadcasting's Services to Minorities and Diverse Audiences* report indicates that "African-Americans have the highest cable penetration at 83 percent vs. the U.S. average of 79 percent."
- A *Pew Internet and Family Life Project* report found that both Hispanics and African Americans have higher average monthly spending on information goods (cable TV, premium channels, phone, cell phone, online content) than Caucasians – $131 compared to $124 per month.

- A study by *Rutgers University* found that "minority, low-income urban areas consume a disproportionately high amount of advanced telecommunications and premium cable TV services." Additionally, the study found that "many inner-city households prefer cable TV service to telephone service. These households believe, a) cable TV offers inexpensive entertainment; b) the many hours and large variety of entertainment provides more satisfaction to more members of the household than telephone conversations; c) cable may keep children at home and away from dangerous streets; and d) cable offers a visible sign of well-being in households with few material comforts."
- In a study about why people subscribe to cable TV services, Robert Kieschnick of the Federal Communications Commission states: "Household income is not a significant influence on a household's decision to subscribe to cable television."
- Horowitz Associates, a market research firm that conducts studies for cable industry clients, determined that the highest growth areas for cable TV and broadband services are in minority neighborhoods. The study states, "Importantly, the data show strong growth potential for many new cable and broadband services among multicultural, urban consumers. For example, market potential for digital cable in urban markets is on par with the national average, hovering at around 45%. Potential is highest among African-Americans, Latinos and Asians. Consumers interviewed for our urban markets study are also more likely to be willing to pay for many of the premium digital features like VOD, PVR capability, and home networking than are consumers in our national *State of Cable and Broadband 2003* study. This translates to even more opportunities for incremental revenue in this key, urban marketplace."

As these studies indicate, not offering services to minority, urban or low-income communities doesn't make economic or business sense. The cable TV market is not like the banking and insurance industries where redlining practices have been issues in the past. These markets will be coveted by new entrants to the TV market. The cable incumbent knows this, but raises the specter of redlining and discrimination regardless because it is desperate to stop competitors from entering the market.

As Virginia Jarrow of the Consumers Coalition and others have stated, redlining claims are simply an effort to erect barriers to competitive entry.

Notwithstanding the foregoing, Franchisee represents that it will comply with all federal and state law requirements prohibiting economic redlining or "cherry picking" and will agree to include specific provisions in the franchise to that effect. Further, Franchisee is more than willing to meet periodically with the city to show them the existing Prism footprint overlaid on a map.

Qualifications and Experience in the Cable Communications Field

35. Please describe the experience each key person employed by Franchisee has with the construction and operation of a cable system (as opposed to telephone systems, wireless systems and utility systems). Your response for each key person should, at a minimum, include his/her knowledge and understanding of:

(1) provision of digital cable communications service; (2) system maintenance; (3) industry construction practices; (4) network design; (5) applicable technical standards and codes; (6) subscriber drop installations; (7) billing; (8) customer service issues common to cable communications systems; (9) cable communications service marketing; (10) calculation and payment of franchise fees and PEG Fees; (11) programming selection and channel line-ups; and (12) provision of PEG channels.

See response to question 6 above. Further responding to this question:

The following are four key personnel responsible for video operations:

Glenn Garbelman serves as the Vice President of the Video Operations at CenturyLink since 2010, and is based in Monroe, Louisiana. He currently has day-to-day operational responsibility for all video services, which is currently serving 240,000 Prism customers with more than 150 employees. Prior to Glenn joining CenturyLink, he was part of a large communications company that successfully launched and supported IPTV video in over 70 markets throughout the United States. He has more than 25 years technical experience with the last 10 focused on video products and services on an IP network.

Sandeep Bhalla is the Director of Video Technical Operations. Responsible for the daily operations of CenturyLink Video Services, Sandeep oversees the video ops engineering staff and ensures the integrity of engineering operations and processes. With 19 years of technical experience and 10 years of video, Sandeep has served as a CenturyLink representative to national and international forums related to next generation video services. Prior to joining CenturyLink, Sandeep was a Manager of Head End Implementation for AT&T's Uverse. Sandeep holds a BA from the University of California Berkley.

Charles Becker is the Manager Video Operations IPTV responsible for all headends based out of Denver, Colorado and Columbia, Missouri. The Video Headend Team is responsible for the operation and acquisition of all video content served by the Prism platform both local and national. The team maintains and operates 17 headends located in 13 states across the country. This team supports new market builds, preventative maintenance, outage resolution and proactively supports the video monitoring teams in outage resolution. Charles is a 35 year veteran of the video industry and 9 year employee of CenturyLink.

Steve Epstein is a Senior Lead Engineer –Managing for CenturyLink. Steve was the initial member of the CenturyLink Video team and brings 35 years of broadcast experience to CenturyLink. In addition to being Chief Engineer at several television stations, Steve was the technical editor of Broadcast Engineering magazine. Steve is an SBE certified professional broadcast engineer and holds a BS in Broadcasting.

The local team (Messrs. Ring, Middleton and Clausen), whose experience has been noted above, has responsibility for the facilities deployment, repair and maintenance in Minneapolis as well as provisioning the service to end users.

Steve Sklar, VP Video Strategy and Development has over 20 years experience in the cable industry and has led efforts to continually add new features and functions to Prism, e.g., Prism on the Go. His team is responsible for Prism design, innovation and implementation.

Chris Lanasa is the Vice President Consumer Product Strategy and Operations. In this role, he and his team are responsible for the product strategy and management of CenturyLink's consumer growth products, including Prism. The content acquisition team reports to Mr. Lanasa.

CenturyLink's Executive Vice President and Chief Financial Officer is R. Stewart Ewing. He has played a key role in CenturyLink's acquisition strategy by negotiating all stages of purchase agreements from legal and regulatory to folding new companies into our corporate structure and philosophy. His responsibilities include managing CenturyLink's Accounting, Treasury, Supply Chain, Real Estate and Internal Audit functions. His extensive experience includes management of the Regulatory, Information Systems and Corporate Planning and Development areas. He has been a contributor to the company's growth over the years. Mr. Ewing's team's responsibility includes the accurate calculation of franchise fees as well as the timely collection and remittance of both franchise fees and monthly subscriber line fees in support of Access Channels.

36. Please produce a management structure commencing with the local manager and continuing up to the central offices/CEO of the Franchisee or its ultimate management. Please explain in detail Franchisee's policies regarding local management authority, being specific regarding the types of agreements local management can enter into with local franchising authorities, and those agreements which will require regional or corporate prior approval. How many systems and which systems will be in any particular region? Which level of management will head that region?

As noted above, CenturyLink has a very strong team in place to support all aspects of the provision of Prism to end users. Minneapolis is the headquarters for the Midwest region of CenturyLink. Duane Ring leads the business as the President of the Midwest Region. Under his leadership, Prism was successfully deployed in Omaha, Nebraska in 2013 and LaCrosse, Wisconsin in 2008.

Tyler Middleton is the Vice President of Operations for Minnesota. His team includes more than 500 technicians, 200 of whom are being cross-trained to install and support Prism. There is a wide array of employees performing various functions in support of Prism in the Twin Cities, including approximately 100 engineers who will be working under Mr. Middleton's leadership to design and support the infrastructure that enables Prism. The VSO will also be staffed locally with three engineers.

Trent Clausen is responsible for all local network engineering and construction activities for CenturyLink across the 10 state Midwest Region The functions performed by Trent and his team include the operations and control of engineering and construction functions for all local loop copper and fiber deployments, inter-office facilities, and transport systems. He also was instrumental in the launch of Prism in Omaha, Nebraska.

Identification of Franchises

37. Please provide an update (if any) to the list of franchises currently held.

Attached as Exhibit E is a list of markets in which Franchisee or its affiliates offer Prism pursuant to statewide or local authority.

Financing Plans and Qualifications

38. Please identify the sources and amounts of financing available to the Franchisee for construction/line extension, system operation and maintenance, and system upgrades for the City, including lines and availability of credit.

The Franchisee is Qwest Broadband Services, Inc. d/b/a CenturyLink, an indirect subsidiary of CenturyLink, Inc., a Fortune 150 Company and the third largest telecommunications company in the United States. CenturyLink was founded in 1930 and grew through acquisition of other companies. In April 2010, it announced it was merging with Qwest Communications International, Inc., the parent company of Qwest Corporation and Applicant. In 2008, it launched Prism in LaCrosse, Wisconsin and now offers Prism in 14 markets, passing nearly 2.4 million households. In addition to its cable experience, CenturyLink is a leader having unparalleled experience and expertise in advanced technology, maintenance, and operation – the very facilities over which it provides Prism. As publicly filed documents show, CenturyLink is financially sound. In earnings announcement for 2014, CenturyLink reported operating revenues of $18.0B and free cash flow of $2.7B. Its market cap is $22.52B. These numbers clearly demonstrate that Franchisee has access to all the financial resources necessary to meet its franchise obligations in the city of Minneapolis, with the backing of CenturyLink, Inc.

39. Please indicate whether CenturyLink, Inc. will guarantee the performance of the Franchisee.

See response to question 38 above.

Company Structure

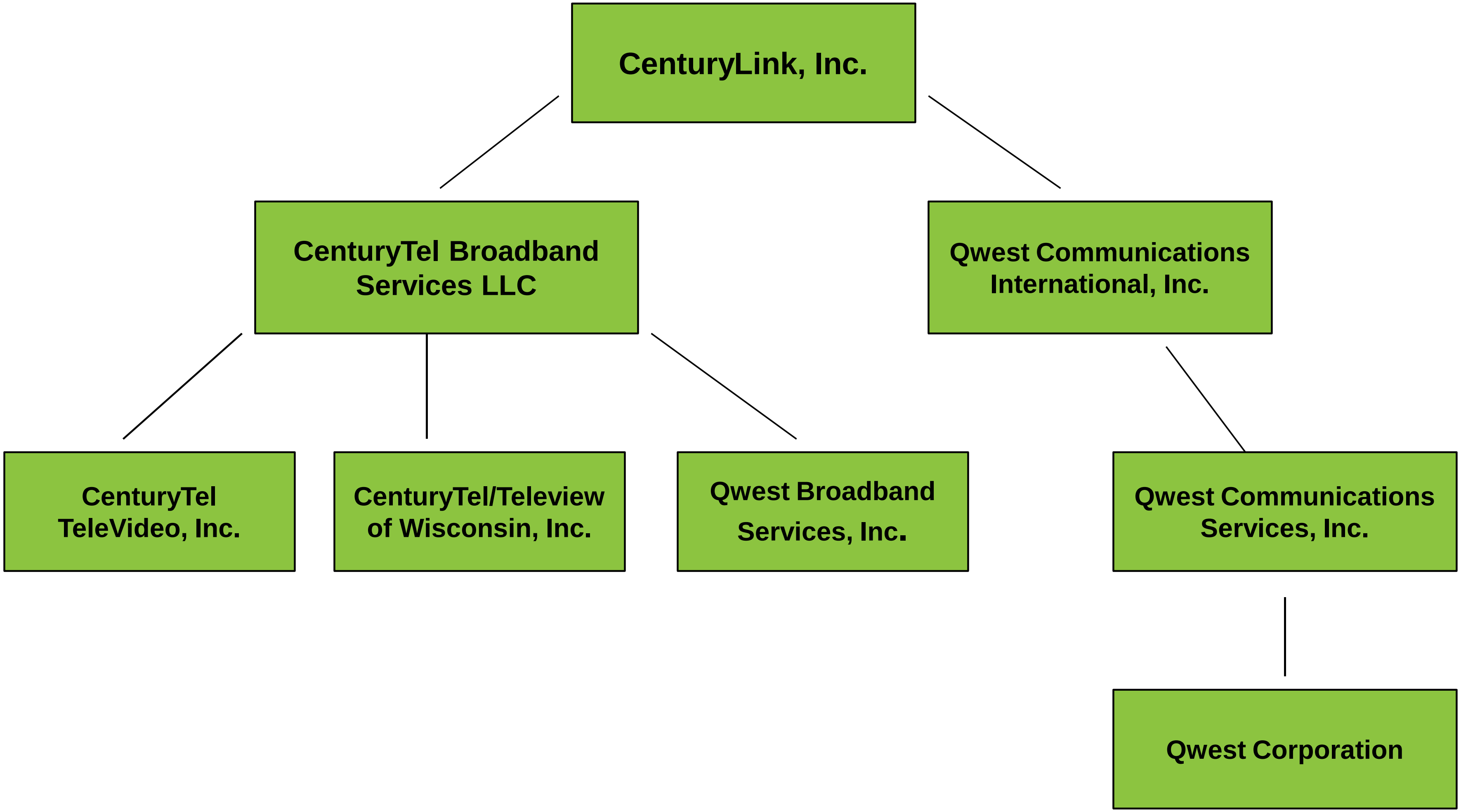

Exhibit A

CenturyLink™

Exhibit B

Has Been Redacted

In Its Entirety

Prism Rates

	Prism Essential	Prism Complete	Prism Preferred	Prism Premium
Promotional Rate	$54.99	$69.99	$ 84.99	$114.99
Rack Rate	$74.99	$89.00	$104.99	$134.99

Exhibit C

CenturyLink™

This opinion will be unpublished and may not be cited except as provided by Minn. Stat. § 480A.08, subd. 3 (2008).

STATE OF MINNESOTA
IN COURT OF APPEALS
A09-1379

Mediacom Minnesota, LLC,
Relator,

vs.

City of Prior Lake,
Respondent.

Filed June 22, 2010
Affirmed
Toussaint, Chief Judge

City of Prior Lake
Resolution 09-093

Edward W. Gale, Jr., Thomas C. Atmore, Andrew J. Budish, Leonard, O'Brien, Spencer Gale & Sayre, Ltd., Minneapolis, Minnesota (for relator)

John M. Baker, Robin M. Wolpert, Greene Espel, P.L.L.P., Minneapolis, Minnesota (for respondent)

Brian T. Grogan, Moss & Barnett, P.A., Minneapolis, Minnesota (for amicus curiae Scott Rice Telephone Company d/b/a Integra Telecommunications)

Susan L. Naughton, League of Minnesota Cities, St. Paul, Minnesota (for amicus curiae League of Minnesota Cities)

Anthony S. Mendoza, Law Offices of Anthony S. Mendoza, LLC, St. Paul, Minnesota (for amicus curiae Minnesota Cable Communications Association)

Exhibit D

Considered and decided by Klaphake, Presiding Judge; Toussaint, Chief Judge; and Crippen, Judge.*

UNPUBLISHED OPINION

TOUSSAINT, Chief Judge

Relator Mediacom Minnesota, LLC, the existing nonexclusive cable television franchiseholder in the City of Prior Lake, challenges the decision by respondent City of Prior Lake to enter into a franchise agreement with a second cable communications provider, Scott Rice Telephone Company (Integra), the proposed service area of which a portion overlaps relator's service area. Because we conclude that respondent was not unreasonable, arbitrary, or capricious in its application of the law to the facts, we affirm.

DECISION

When a city council performs a quasi-judicial action, it is subject to certiorari review by this court. *Pierce v. Otter Tail County*, 524 N.W.2d 308, 309 (Minn. App. 1994), *review denied* (Minn. Feb. 3, 1995). "Quasi-judicial proceedings involve an investigation into a disputed claim that weighs evidentiary facts, applies those facts to a prescribed standard, and results in a binding decision." *In re Dakota Telecomm. Group*, 590 N.W.2d 644, 646 (Minn. App. 1999). Decisions involving the grant of a cable television franchise are guided by Chapter 238 of the Minnesota statutes. Minn. Stat. §§ 238.02-.43 (2008); *see also* 47 U.S.C. §§ 521-573 (2006) (directing states in adoption of cable television franchises). In order to grant a cable television franchise, Section

* Retired judge of the Minnesota Court of Appeals, serving by appointment pursuant to Minn. Const. art. VI, § 10.

238.081 prescribes a procedure for notice, time limit, contents of the franchise proposal, public hearing, and awarding of the franchise. Minn. Stat. § 238.081. The procedure requires documentary evidence in the proposal and allows for testimonial evidence at the public hearing and results in a binding decision. *Id.*, subds. 4, 6; *see Minnesota Ctr. For Envtl. Advocacy v. Metro Council*, 587 N.W.2d 838, 844 (Minn. 1999) (noting that quasi-judicial proceeding is marked by binding decision); *Senior v. City of Edina*, 547 N.W.2d 411, 416 (Minn. App. 1996) (finding proceedings quasi-judicial because they involved testimonial and documentary evidence). A city council's grant of a cable television franchise is a quasi-judicial proceeding if it complies with the requirements of Minn. Stat. § 238.081. *Dakota Telecommun.*, 590 N.W.2d at 647. Here, because the city council complied with the cable act by properly publishing notice, requiring and reviewing the franchise proposal, and issuing a binding decision, the decision to grant Integra a cable franchise was a quasi-judicial decision subject to certiorari review by this court.

Certiorari review of quasi-judicial proceedings is limited to "questions affecting the jurisdiction of the board, the regularity of its proceedings, and, as to merits of the controversy, whether the order or determination in a particular case was arbitrary, oppressive, unreasonable, fraudulent, under an erroneous theory of law, or without any evidence to support it." *Dietz v. Dodge County*, 487 N.W.2d 237, 239 (Minn. 1992) (quotation omitted).

Generally, decisions of municipalities "enjoy a presumption of correctness" and, as long as the municipality "engaged in reasoned decision-making, a reviewing court will affirm its decision even though the court may have reached another conclusion." *CUP*

Foods, Inc. v. City of Minneapolis, 633 N.W.2d 557, 562 (Minn. App. 2001), *review denied* (Minn. Nov. 13, 2001). As a reviewing body, we will not retry facts or make credibility determinations; rather, we will uphold the decision "if the lower tribunal furnished any legal and substantial basis for the action taken." *Senior*, 547 N.W.2d at 416 (quotation omitted).

In order for cable communications systems to operate within a city, they must enter into a franchise agreement with the city. Minn. Stat. § 238.08, subd. 1(a). Prior to entering into a franchise agreement, a city must solicit bids for a cable franchise by publishing notice of intent to consider an application for a franchise fulfilling the requirements of Minn. Stat. § 238.081, subds. 1,2. A party that wishes to apply for a franchise must submit a franchise proposal in accord with Minn. Stat. § 238.081, subd. 4. In order to satisfy the statutory requirements, a franchise proposal must include, inter alia, a statement indicating the applicant's qualifications and experience in the cable communications field, and plans for financing the proposed system, indicating every significant anticipated source of capital and significant limitations or conditions with respect to the availability of the indicated sources of capital. Minn. Stat. § 238.081, subd. 4 (7) (9).

In cases where the city has an incumbent franchise-holder, no additional cable-television franchise may be granted on terms and conditions more favorable or less burdensome than the existing franchise agreement with regard to (1) the area served, (2) public, educational, and government access requirements, or (3) franchise fees. Minn. Stat. § 238.08, subd. 1(b). After receiving the franchise proposal and prior to granting a franchise, a public hearing must be held before the franchising authority affording reasonable notice and reasonable opportunity to be heard. Minn. Stat. § 238.081, subd. 6. A city may then award a cable communication franchise at its discretion. *See id.* at subd. 7 ("Franchises may be awarded by ordinance or other official action by the franchising authority.").

Here, respondent complied with its statutory notice requirements by soliciting bids for a cable television franchise in the local newspaper. Integra was the only party to submit a franchise proposal. The written proposal provided information required by Minn. Stat. § 238.081, subd. 4. Specifically, regarding Integra's qualifications and experience in the cable communications field, the proposal stated:

> Integra Telecom currently operates and maintains a fiber optic and copper communications system which provides telecommunications and information services to residents and businesses within the City of Prior Lake pursuant to authority prescribed in the Certificate of Need issued by the Minnesota Public Utilities Commission. We have maintained this system for over 60 years with a technologically proficient staff of over 40 individuals. The City of Prior Lake will be the first City in which Integra provides cable services. Integra will be augmenting its experienced telecommunications staff with video expertise and personnel from CISCO, DASCOM and JACI.

Regarding Integra's plans to finance the system, the proposal stated: "Because the Integra telecom video product will be implemented utilizing our existing infrastructure, the investment will be minimal and will be internally funded from Integra Telecom corporate operating cash."

The Prior Lake City Council considered the Integra proposal during a series of public hearings from April through June 2009, during which reasonable opportunity to be heard was given to both Integra and relator, which opposed Integra's proposal. The city council's consideration of the Integra proposal involved dialogue with Integra employees and the city attorney throughout the public hearings. Upon making findings regarding the statutory requirements for a cable television franchise, respondent ultimately chose to enter into a franchise agreement with Integra.

Relator challenges the grant of the Integra franchise by respondent. Specifically, relator argues: (1) that the Integra franchise agreement was granted with more favorable terms regarding public, educational, and government access requirements funding and coverage area than are contained in relator's franchise agreement, and (2) Integra was not required to establish its qualifications for operating and ability to finance the system prior to entering into the franchise agreement. We find these challenges to be without merit.

In order to reach its decision, the city council relied on information from Integra, relator, the city attorney, and FCC Report and Order and Further Notice of Rulemaking No. FCC 06-180, which discusses the local franchising process under the Cable Communications Policy Act of 1984. With regard to public, educational, and government access requirements funding, the city council concluded that, while the Integra agreement called for a different total amount of money paid in a different format from relator's agreement, Integra would end up paying a proportionately comparable amount as relator over a shorter period of time. The city council concluded that, given the economic situation of the city at the time, the Integra plan would be financially beneficial to the city. With regard to coverage area, the city council found that a level playing field would be created by this plan, taking into account build-out costs and the fact that relator already had full control of the market for the area in which Integra would be offering its services. Finally, regarding Integra's qualifications for operating and ability to finance a cable television franchise, the record demonstrates that Integra's franchise proposal adequately addressed these issues.

We conclude that respondent supported its grant of the Integra franchise with substantial evidence and therefore did not act arbitrarily or capriciously in reaching its decision. *See Dakota Telecomm.*, 590 N.W.2d at 648 (noting that decision of city to grant cable franchise may be reversed if unsupported by substantial evidence or if arbitrary and capricious). Additionally, we conclude that respondent's decision was not oppressive, unreasonable, fraudulent, or made under an erroneous theory of law.

Affirmed.

Prism offered in the following markets pursuant to state or local franchises

Locally Negotiated Franchises	Locally Negotiated Franchises	Statewide Franchises
Gulf Shores, AL	Colorado Springs, CO	Las Vegas, NV
Orange Beach, AL	Monument, CO	North Las Vegas, NV
Baldwin County, AL	Fountain, CO	Clark County, NV
	El Paso County, CO	Henderson, NV
Phoenix, AZ	Gypsum, CO	
Chandler, AZ	Eagle, CO	Tallahassee, FL
Mesa, AZ	Eagle County, CO	Fort Myers, FL
Queen Creek, AZ	Centennial, CO	Orlando, FL
Glendale, AZ	Littleton, CO	
Peoria, AZ	Castle Rock, CO	Columbia, MO
Scottsdale, AZ	Parker, CO	
Surprise, AZ	Jefferson County, CO	Raleigh/Durham DMA, NC
Goodyear, AZ	Lone Tree, CO	
Maricopa County, AZ	Douglas County, CO	LaCrosse DMA, WI
Pinal County, AZ		
Buckeye, AZ	Papillion, NE	Council Bluffs, IA
Florence, AZ	Springfield, NE	Pottawattamie County, IA
Gilbert, AZ	Gretna, NE	Carter Lakes, IA
Casa Grande, AZ	Ralston, NE	
Tempe, AZ	La Vista, NE	
Paradise Valley, AZ	Bellevue, NE	
Apache Junction, AZ	Omaha, NE	
	Douglas County, NE	
	Sarpy County, NE	

Exhibit E

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